

ND PUBLIC EMPLOYEES RETIREMENT SYSTEM
INVESTMENT PERFORMANCE REPORT AS OF OCTOBER 31, 2006

	October-06				September-06				Current	Prior Year	3 Years	5 Years
	Allocation		Month		Allocation		Quarter		Fiscal YTD	FY06	Ended	Ended
	Market Value	Actual	Policy	Net ROR	Market Value	Actual	Policy	Net ROR	Net ROR	Net ROR	6/30/2006	6/30/2006
LARGE CAP DOMESTIC EQUITY												
<i>Structured Growth</i>												
LA Capital	79,603,234	4.6%	4.5%	4.52%	76,028,668	4.5%	4.5%	1.81%	6.41%	11.88%	N/A	N/A
Total Structured Growth	79,603,234	4.6%	4.5%	4.52%	76,028,668	4.5%	4.5%	1.81%	6.41%	11.88%	12.99%	0.19%
<i>Russell 1000 Growth</i>				3.52%				3.94%	7.59%	6.12%	8.34%	-0.77%
<i>Structured Value</i>												
LSV	79,997,958	4.6%	4.5%	3.49%	78,006,866	4.6%	4.5%	4.48%	8.12%	15.93%	21.06%	12.29%
<i>Russell 1000 Value</i>				3.27%				6.22%	9.70%	12.10%	15.70%	6.89%
<i>Enhanced Russell 1000 Index</i>												
LA Capital	75,703,365	4.4%	4.2%	3.82%	72,791,324	4.3%	4.2%	3.51%	7.46%	12.49%	12.73%	3.75%
<i>Russell 1000</i>				3.40%				5.06%	8.62%	9.08%	12.05%	3.12%
<i>Enhanced S&P 500 Index</i>												
Northern Trust	76,762,805	4.4%	4.2%	3.16%	74,282,801	4.4%	4.2%	6.56%	9.93%	9.33%	11.32%	2.81%
Westridge	85,945,472	5.0%	4.5%	3.29%	83,057,810	4.9%	4.5%	5.68%	9.16%	8.80%	11.46%	2.80%
Wells Capital	50,899,281	2.9%	3.0%	5.32%	47,492,021	2.8%	3.0%	1.21%	6.60%	N/A	N/A	N/A
Franklin	52,036,061	3.0%	3.0%	4.03%	49,936,543	3.0%	3.0%	N/A	N/A	N/A	N/A	N/A
Total Enhanced S&P 500 Index	265,643,620	12.3%	11.7%	3.78%	254,769,175	12.2%	11.7%	5.15%	9.12%	8.58%	11.40%	2.76%
<i>S&P 500</i>				3.26%				5.67%	9.11%	8.63%	11.22%	2.49%
<i>S&P 500 Index</i>												
State Street	34,414,017	2.0%	2.1%	3.78%	33,104,293	2.0%	2.1%	5.79%	9.79%	9.62%	11.55%	2.70%
<i>S&P 500</i>				3.26%				5.67%	9.11%	8.63%	11.22%	2.49%
TOTAL LARGE CAP DOMESTIC EQUITY	535,362,193	30.9%	30.0%	3.85%	514,700,326	30.5%	30.0%	4.32%	8.33%	10.93%	13.21%	3.86%
<i>S&P 500</i>				3.26%				5.67%	9.11%	8.63%	11.22%	2.49%
SMALL CAP DOMESTIC EQUITY												
<i>Manager-of-Managers</i>												
SEI	128,742,092	7.4%	7.2%	5.47%	122,051,469	7.2%	7.2%	-0.01%	5.45%	13.56%	18.31%	8.00%
<i>Russell 2000 + 200bp</i>				5.92%				0.94%	6.92%	16.86%	21.06%	10.71%
Callan	49,837,774	2.9%	2.8%	5.20%	47,380,277	2.8%	2.8%	-0.91%	4.24%	N/A	N/A	N/A
<i>Russell 2000</i>				5.76%				0.44%	6.22%			
TOTAL SMALL CAP DOMESTIC EQUITY	178,579,866	10.3%	10.0%	5.39%	169,431,746	10.1%	10.0%	-0.27%	5.11%	13.40%	18.25%	7.97%
<i>Russell 2000</i>				5.76%				0.44%	6.22%	14.58%	18.70%	8.50%
INTERNATIONAL EQUITY												
<i>Large Cap - Core</i>												
State Street	17,724,268	1.0%	1.0%	4.66%	16,928,751	1.0%	1.0%	3.40%	8.22%	27.85%	20.61%	6.87%
<i>MSCI EAFE (1)</i>				3.89%				3.93%	7.97%	26.56%	20.76%	5.94%
<i>Large Cap - Active</i>												
Capital Guardian	52,914,367	3.1%	3.0%	3.83%	50,938,271	3.0%	3.0%	4.95%	8.97%	28.01%	21.32%	6.58%
LSV	52,110,777	3.0%	3.0%	3.80%	50,160,425	3.0%	3.0%	5.93%	9.96%	27.77%	N/A	N/A
Bank of Ireland	17,259,873	1.0%	1.0%	3.82%	16,614,218	1.0%	1.0%	3.02%	6.95%	22.00%	19.16%	N/A
Total Large Cap - Active	122,285,017	7.1%	7.0%	3.81%	117,712,914	7.0%	7.0%	5.09%	9.10%	27.11%	21.84%	7.14%
<i>MSCI EAFE - 50% Hedged</i>				3.38%				4.87%	8.42%	26.72%	22.56%	6.89%
<i>Small Cap - Active</i>												
Lazard	17,014,438	1.0%	1.0%	5.15%	16,170,109	1.0%	1.0%	1.38%	6.60%	25.04%	29.34%	N/A
Wellington	16,555,824	1.0%	1.0%	2.23%	16,186,523	1.0%	1.0%	3.21%	5.52%	23.35%	25.26%	N/A
Total Small Cap - Active	33,570,262	1.9%	2.0%	3.69%	32,356,632	1.9%	2.0%	2.29%	6.06%	24.18%	27.28%	N/A
<i>Citigroup Broad Market Index < \$2BN</i>				3.40%				1.55%	5.00%	29.21%	32.38%	N/A
TOTAL INTERNATIONAL EQUITY	173,579,547	10.0%	10.0%	3.88%	166,998,297	9.9%	10.0%	4.36%	8.41%	26.61%	22.77%	8.74%
<i>MSCI EAFE - 50% Hedged</i>				3.38%				4.87%	8.42%	26.72%	22.56%	6.89%
EMERGING MARKETS EQUITY												
<i>Core</i>												
JP Morgan	16,711,600	1.0%	0.9%	5.13%	15,887,174	0.9%	0.9%	7.76%	13.29%	N/A	N/A	N/A
PanAgora	14,041,279	0.8%	0.0%	4.72%	13,403,508	0.8%	0.0%	4.96%	9.92%	N/A	N/A	N/A
WestLB	14,255,620	0.8%	0.0%	5.03%	13,586,095	0.8%	0.0%	2.94%	8.12%	N/A	N/A	N/A
UBS	25,308,153	1.5%	1.5%	4.48%	24,207,038	1.4%	1.5%	4.67%	9.36%	N/A	N/A	N/A
Total Core	70,316,653	4.1%	4.9%	4.79%	67,083,815	4.0%	4.9%	5.09%	10.13%	35.59%	32.44%	18.61%
<i>MSCI Emerging Markets</i>				4.75%				5.01%	10.00%	35.91%	22.39%	12.89%
<i>Small Cap</i>												
DFA	16,133,963	0.9%	1.0%	7.46%	15,002,942	0.9%	1.0%	8.53%	16.63%	N/A	N/A	N/A
<i>MSCI Emerging Markets</i>				4.75%				5.01%	10.00%			
TOTAL EMERGING MARKETS EQUITY	86,450,616	5.0%	5.0%	5.28%	82,086,757	4.9%	5.0%	5.71%	11.28%	34.40%	32.05%	18.40%
<i>MSCI Emerging Markets</i>				4.75%				5.01%	10.00%	35.91%	34.76%	21.54%
DOMESTIC FIXED INCOME												
<i>Core Bond</i>												
Western Asset	50,109,498	2.9%	2.9%	0.83%	49,643,643	2.9%	2.9%	4.29%	5.16%	-1.15%	2.65%	5.96%
<i>Lehman Aggregate</i>				0.66%				3.81%	4.49%	-0.81%	2.05%	4.97%
<i>Index</i>												
Bank of ND	92,481,548	5.3%	6.0%	0.54%	91,983,054	5.5%	6.0%	3.77%	4.32%	-1.37%	1.53%	5.24%
Total Index	92,481,548	5.3%	6.0%	0.54%	91,983,054	5.5%	6.0%	3.77%	4.32%	-0.69%	2.10%	5.27%
<i>Lehman Gov/Credit</i>				0.63%				3.91%	4.57%	-1.52%	1.60%	5.13%
<i>Convertibles</i>												
TCW (2)	41	0.0%	0.0%	N/A	43,142,529	2.6%	2.9%	2.85%	N/A	4.54%	6.78%	1.15%
Calamos	44,204,478	2.6%	2.9%	2.55%		0.0%	0.0%	N/A	N/A	N/A	N/A	N/A
Total Convertibles	44,204,519	2.6%	2.9%	2.55%	43,142,529	2.6%	2.9%	2.85%	5.48%	4.54%	6.78%	1.15%
<i>Merrill Lynch All Convertibles (3)</i>				2.59%				2.79%	5.44%	9.37%	8.01%	4.94%

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	Allocation		Month	Net ROR	Allocation		Quarter	Net ROR	Fiscal YTD	FY06	6/30/2006	6/30/2006
	Market Value	Actual	Policy		Market Value	Actual	Policy				Net	Net
BBB Average Quality												
Wells Capital	49,983,114	2.9%	2.9%	0.95%	49,504,586	2.9%	2.9%	4.58%	5.57%	-2.70%	3.36%	5.51%
Lehman BBB				0.89%				4.80%	5.73%	-2.37%	2.39%	6.10%
Private Debt												
Prudential	49,997,677	2.9%	2.9%	0.67%	49,653,160	2.9%	2.9%	3.84%	4.54%	-0.13%	N/A	N/A
Lehman Aggregate				0.66%				3.81%	4.49%	-0.81%	N/A	N/A
Timberland												
TIR - Teredo (4)	36,099,821	2.1%	2.1%	2.31%	35,326,377	2.1%	2.1%	-0.19%	2.12%	-1.44%	7.62%	N/A
TIR - Springbank	73,792,445	4.3%	4.3%	-0.22%	74,002,709	4.4%	4.4%	-0.06%	-0.27%	13.53%	N/A	N/A
Total Timberland	109,892,266	6.3%	6.3%	0.60%	109,329,086	6.5%	6.5%	-0.10%	0.50%	9.43%	20.37%	N/A
NCREIF Timberland Index				1.15%				3.49%	4.68%	19.69%	13.94%	N/A
TOTAL DOMESTIC FIXED INCOME	396,668,622	22.9%	24.0%	0.88%	393,256,057	23.3%	24.0%	2.67%	3.58%	3.12%	8.91%	8.14%
Lehman Aggregate				0.66%				3.81%	4.49%	-0.81%	2.05%	4.97%
HIGH YIELD BONDS												
Core												
Loomis Sayles	42,663,167	2.5%	2.5%	1.91%	41,871,374	2.5%	2.5%	4.85%	6.85%	4.74%	N/A	N/A
Sutter/Wells Capital	41,590,105	2.4%	2.5%	1.34%	41,216,490	2.4%	2.5%	2.84%	4.22%	4.70%	N/A	N/A
Total Core	84,253,271	4.9%	5.0%	1.63%	83,087,864	4.9%	5.0%	3.84%	5.53%	4.72%	5.70%	3.38%
LB High Yield 2% Issuer Contstrained Index				1.36%				3.76%	5.18%	4.38%	N/A	N/A
Mezzanine Debt												
Goldman Sachs	595,221	0.0%	0.0%	0.00%	595,221	0.0%	0.0%	0.00%	0.00%	N/A	N/A	N/A
TOTAL HIGH YIELD BONDS	84,848,492	4.9%	5.0%	1.61%	83,683,085	5.0%	5.0%	3.82%	5.50%	4.72%	8.34%	7.47%
LB High Yield 2% Issuer Contstrained Index				1.36%				3.76%	5.18%	4.38%	8.48%	8.60%
INTERNATIONAL FIXED INCOME												
International Sovereign												
UBS Global (Brinson)	41,646,206	2.4%	2.5%	1.06%	41,533,189	2.5%	2.5%	-0.15%	0.91%	0.13%	5.24%	9.99%
Citigroup Non-US Gov't Bond Index (5)				1.07%				0.89%	1.97%	-0.11%	5.01%	9.58%
International Core												
Brandywine	42,407,886	2.4%	2.5%	1.79%	42,568,863	2.5%	2.5%	1.93%	3.76%	3.89%	8.39%	N/A
Lehman Global Aggregate (ex-US)				1.16%				1.13%	2.30%	3.83%	5.69%	N/A
TOTAL INTERNATIONAL FIXED INCOME	84,054,092	4.9%	5.0%	1.43%	84,102,052	5.0%	5.0%	0.89%	2.34%	2.01%	6.82%	10.91%
Citigroup Non-US Gov't Bond Index (5)				1.07%				0.89%	1.97%	0.00%	5.05%	9.60%
REAL ESTATE												
INVESCO	46,219,227			0.00%	46,727,672			1.55%	1.55%	23.84%	17.33%	12.38%
J.P. Morgan Strategic & Special Funds	47,075,273			1.00%	47,237,291			4.36%	5.41%	21.05%	17.14%	12.52%
J.P. Morgan Alternative Property Fund	11,336,971			0.00%	10,348,395			-2.82%	-2.62%	N/A	N/A	N/A
TOTAL REAL ESTATE	104,631,471	6.0%	5.0%	0.45%	104,313,358	6.2%	5.0%	2.40%	2.86%	22.09%	17.09%	12.36%
NCREIF TOTAL INDEX				1.16%				3.51%	4.71%	18.22%	15.63%	12.19%
ALTERNATIVE INVESTMENTS												
Brinson IVCF II	60,623			0.00%	60,623			0.00%	0.00%	22.67%	13.90%	-0.56%
Coral Partners II	100,317			0.00%	100,201			0.13%	0.13%	3.74%	6.19%	-9.24%
Coral Partners V	3,468,603			0.00%	4,819,043			-0.31%	-0.31%	8.74%	-15.32%	-24.06%
Coral Partners V - Supplemental	422,174			0.00%	437,582			-0.70%	-0.70%	10.53%	10.33%	N/A
Coral Partners VI	7,197,528			0.00%	7,402,568			-0.08%	-0.08%	-6.22%	-10.14%	N/A
Brinson 1998 Partnership Fund	1,015,297			0.00%	1,014,299			4.03%	4.03%	16.52%	15.11%	1.97%
Brinson 1999 Partnership Fund	2,519,669			0.00%	2,517,191			8.99%	8.99%	14.27%	12.72%	-1.26%
Brinson 2000 Partnership Fund	5,886,081			0.00%	5,880,294			4.86%	4.86%	28.22%	17.90%	3.70%
Brinson 2001 Partnership Fund	4,191,440			0.00%	4,187,319			8.12%	8.12%	19.85%	9.95%	3.22%
Brinson 2002 Partnership Fund	2,490,028			0.00%	2,487,580			9.58%	9.58%	32.42%	13.22%	N/A
Brinson 2003 Partnership Fund	652,145			0.00%	651,503			3.05%	3.05%	25.48%	6.77%	N/A
Brinson 1999 Non-US Partnership Fund	689,591			0.00%	945,208			16.69%	16.69%	40.48%	30.98%	18.60%
Brinson 2000 Non-US Partnership Fund	1,655,899			0.00%	1,654,271			26.11%	26.11%	35.03%	21.65%	13.01%
Brinson 2001 Non-US Partnership Fund	2,083,312			0.00%	2,081,264			7.27%	7.27%	27.25%	17.46%	8.96%
Brinson 2002 Non-US Partnership Fund	2,493,779			0.00%	2,795,879			17.05%	17.05%	38.11%	22.66%	N/A
Brinson 2003 Non-US Partnership Fund	2,133,098			0.00%	1,809,198			21.45%	21.45%	31.08%	8.89%	N/A
Brinson 2004 Non-US Partnership Fund	831,777			0.00%	671,036			-0.77%	-0.77%	24.56%	N/A	N/A
Brinson BVCF IV	9,915,826			0.00%	8,939,696			9.17%	9.17%	31.35%	19.07%	0.41%
Adams Street Direct Co-investment Fund	1,029,600			0.00%	1,082,945			N/A	N/A	N/A	N/A	N/A
Matlin Patterson Global Opportunities	6,494,843			0.00%	6,488,457			-5.52%	-5.52%	-11.68%	26.48%	N/A
Matlin Patterson Global Opportunities II	14,293,948			0.00%	11,933,876			0.71%	0.71%	-0.85%	N/A	N/A
InvestAmerica	3,081,898			0.00%	3,078,868			30.21%	30.21%	0.00%	-9.20%	N/A
Hearthstone MSII	240,492			0.00%	74,489			0.00%	0.00%	-100.00%	-100.00%	-100.00%
Hearthstone MSIII	2,215,032			0.00%	174,008			38.24%	38.24%	59.61%	N/A	N/A
Quantum Resources	716,166			N/A	-			N/A	N/A	N/A	N/A	N/A
TOTAL ALTERNATIVE INVESTMENTS (6)	75,879,165	4.4%	5.0%	0.00%	71,287,401	4.2%	5.0%	6.15%	6.15%	11.08%	10.37%	-2.92%
CASH EQUIVALENTS												
Northern Trust STIF/STEP	11,997,436	0.7%	1.0%	0.45%	15,413,369	0.9%	1.0%	1.34%	1.80%	4.31%	2.64%	2.41%
90 Day T-Bill				0.38%				1.33%	1.71%	4.00%	2.37%	2.25%
TOTAL FUND	1,732,051,501	100.0%	100.0%	2.75%	1,685,272,450	100.0%	100.0%	3.31%	6.15%	12.00%	14.23%	7.93%
POLICY TARGET BENCHMARK				2.47%				4.12%	6.70%	10.07%	11.75%	6.64%

NOTE: Monthly returns and market values are preliminary and subject to change.

(1) This benchmark was changed to the MSCI EAFE (unhedged) as of December 1, 2004.

(2) TCW was terminated on September 22, 2006. The portfolio was transferred to Calamos on October 5, 2006.

(3) Prior to January 1, 2005, the benchmark was the First Boston Convertible Index.

(4) Prior to June 1, 2006, the Toredos properties were under the management of RMK.

(5) Previously this benchmark was titled Salomon Brothers Non-US Gov't Bond Index.

(6) Because of the variation in fee calculations in Alternative Investments, only net returns will be shown until June of each year when actual costs are known.